(c) to (f) The income from voluntary retirement scheme including of employees of banking companies is already exempt upto Rs. 5 lakhs subject to the conditions laid down in Rule 2BA of the Income-tax Rules. There is no proposal under consideration to increase this Limit.

Misuse of export sops

1400. SHRIMATi N.R DURGA:
SHRIRAVULACHANDRASEKARREDDY:

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether export sops are being increasingly misused; and

(b) if so, the steps taken to tighten inspection of exports and imports from/to free ports, especially from Dubai, Hong Kong and Singapore?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI GINEE N. RAMACHANDRAN): (a) and (b) Some, cases of misuse by availment of unentitled export benefits/ incentives have been noticed. Safeguards have already been inbuilt in each Export promotion Scheme to prevent abuse/misuse. Thorough scrutiny of Export/Import documents from/to sensitive destinations is done by Customs and goods are examined carefully to prevent availment of unintended export benefits. Officers have been instructed to be vigilant so as to prevent misuse of Export Promotion Schemes.

Fiscal position of States

1401. SHRI RAMA MUNI REDDY SIRIGIREDDY:
SHRI SATISH PRADHAN:

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether it is a fact that situation has come to take steps to tackle the problem of deteriorating financial position of States;

(b) the reasons behind this pathetic condition of the States finances, apart from borrowings from all quarters;

(c) whether it is a fact that the Finance Minister is going to have a

meeting in this regard with the State Finance Ministers; and

(d) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANT GANGARAM GEETE): (a) and (b) Inadequacy of receipts to meet growing expenditure of States have resulted in some States facing frequent cash imbalances and many States being unable to fund capital expenditure fully.

(c) and (d) A Committee headed by the Union Finance Minister comprising of Finance Minister from some States would look into the issues of State finances and submit a report by 30th September 2002. Accordingly the Government of India have constituted the High Powered Committee for assessing the fiscal situation of States.

Risk Based Supervision System in Banks

1402. SHRI MOOLCHAND MEENA: Will the Minsiter of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether the Reserve bank of India has asked all banks to set up their respective risk-based supervision (RBS) system by 31 st December 2002;

(b) if so, whether the deadline was conveyed to the banks at a meeting held recently;

(c) if so, what are the reasons for this; and

(d) to what extent the directive of the RBI has been implemented by banks?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANT GANGARAM GEETE): (a) Yes, Sir. Reserve Bank of India, in August 2001, had issued a discussion paper on the "move towards Risk Based Supervision (RBS) of banks" to all Scheduled Commercial Banks with the direction to initiate action for completion of the certain tasks by the end of year 2002 for moving towards RBS.

(b) to (d) RBI held two meetings with the bankers in February-March, 2002 to involve banks in consultative process for switching over to RBS